

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

C00104

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

## Named Insured:

SHAW MORTGAGE CORPORATION  
(DBA) THE NATURAL TOUCH  
REFER TO NAMED INSURED SCHEDULE

## Agent:

WATERIDGE INSURANCE SERVICES

Agent Code: 4292657

Agent Phone: (858)-452-2200

Terrorism Risk Insurance Act of 2002 Premium: \$ 112

**TERRORISM INSURANCE PREMIUM DISCLOSURE AND**  
**OPPORTUNITY TO ELECT COVERAGE**

WE ARE SENDING YOU THIS NOTICE BECAUSE YOU PREVIOUSLY REJECTED COVERAGE FOR LOSSES RESULTING FROM AN "ACT OF TERRORISM" AS DEFINED BELOW.

THIS NOTICE PROVIDES YOU WITH A LIMITED PERIOD OF TIME WITHIN WHICH YOU MAY PURCHASE THIS COVERAGE FOR YOUR RENEWAL POLICY.

PLEASE READ THIS NOTICE CAREFULLY AS IT CONTAINS IMPORTANT INFORMATION ABOUT THE TERRORISM RISK INSURANCE ACT OF 2002 AND YOUR OPTION TO ELECT TERRORISM INSURANCE COVERAGE.

**THE TERRORISM RISK INSURANCE ACT OF 2002**

The Terrorism Risk Insurance Act of 2002 ("TRIA 2002") establishes a temporary program to spread the risk of catastrophic losses from certain acts of terrorism between insurers and the federal government.

TRIA 2002 requires insurers to pay losses from certain acts of terrorism up to an amount equal to a percentage of its direct earned premium ("insurer deductible"). If an individual insurer's losses exceed this amount, the federal "Terrorism Risk Insurance Program" or "TRIP" will reimburse the insurer for 90% of losses paid in excess of the insurer deductible.

The provisions of the Act can limit our maximum liability for payment of losses from certified acts of terrorism. That determination will be based on a formula set forth in the law involving the national total of federally insured terrorism losses in an annual period and individual insurer participation in payment of such losses. If one or more certified acts of terrorism in an annual period causes the maximum liability for payment of losses from certified acts of terrorism to be reached, and we have satisfied our required level of payments under the law, then we will not pay for the portion of such losses above that maximum. However, that is subject to possible change at that time, as Congress may, under the Act, determine that payments above the cap will be made.

TRIA 2002 will expire on December 31, 2005, unless Congress acts to extend it. After this date, the federal government will no longer "certify" certain acts of terrorism or reimburse losses caused by "certified acts of terrorism." Due to the highly unpredictable and potentially catastrophic nature of terrorism losses, we will not provide coverage for terrorism losses after December 31, 2005 under the following circumstances:

1. There is a "TRIP Termination Event" such as (i) TRIP terminates; or (ii) TRIP is extended, but insurers are no longer required to offer terrorism coverage and one of the following also occurs: the percentage basis for the insurer deductible is increased; the percentage share of the government's share of losses is decreased; terrorism is redefined; or terrorism coverage is made subject to policy terms that differ from those applicable to other types of events or occurrences; and
2. We are permitted by state law to exclude losses caused by terrorism.

#### MANDATORY AVAILABILITY OF COVERAGE FOR "ACTS OF TERRORISM"

TRIA 2002 requires insurers to offer coverage, through December 31, 2005, for losses resulting from "certified acts of terrorism" that could otherwise be excluded, and to specify the premium for this coverage.

TRIA 2002 also requires insurers to disclose the premium for losses that result from "certified acts of terrorism" where exclusions are not permitted by state law.

An "act of terrorism" means:

[A]ny act that is certified by the Secretary [of the Treasury], in concurrence with the Secretary of State, and the Attorney General of the United States

(i) to be an act of terrorism;

(ii) to be a violent act or an act that is dangerous to –

(I) human life;

(II) property; or

(III) infrastructure;

(iii) to have resulted in damage within the United States, or outside of the United States in the case of –

(I) an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or

(II) the premises of a United States mission; and

(iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**WHAT YOU MUST DO TO ELECT TERRORISM INSURANCE COVERAGE**

We are offering you the opportunity to add coverage to your renewal policy for losses resulting from an "act of terrorism" as defined above. If you elect to add this coverage, the coverage will be subject to all of the terms, definitions, exclusions and conditions contained in the policy and will end, where permitted by state law, with the expiration of TRIA 2002 on December 31, 2005.

**IMPORTANT.** If you elect to purchase coverage for "acts of terrorism," losses caused by war will still be excluded from coverage under your policy. Losses resulting from terrorist acts that the Secretary of the Treasury fails to certify as falling within the federal Terrorism Insurance Program, such as those that are the result of a terrorist act that was not committed on behalf of any foreign person or foreign government and which exceed an aggregate cost to the insurance industry of \$25 million, will also be excluded where permitted by state law, unless such coverage is separately offered by the company and purchased by you.

You may elect to add this coverage to your policy. The premium charge that appears on the first page of this notice is only for coverage from the effective date of the policy through December 31, 2005 because TRIA 2002 is set to expire at that time. If neither of the "TRIP Termination Events" occurs, you will be billed for the remaining pro rata premium charge.

To add this coverage you must contact your agent before the date your policy renews. If the date we first get this offer to you is after the date of renewal or within fourteen (14) days of the date of renewal, you will have fourteen (14) days from the date we get this offer to you to add the coverage. By contacting your agent, the coverage will be added and your renewal policy will be endorsed and billed accordingly.

THE SUMMARY OF THE ACT AND THE OFFER TO ADD THE COVERAGE TO YOUR POLICY CONTAINED IN THIS NOTICE IS NECESSARILY GENERAL IN NATURE. YOUR POLICY CONTAINS SPECIFIC TERMS, DEFINITIONS, EXCLUSIONS AND CONDITIONS. IN CASE OF ANY CONFLICT, YOUR POLICY LANGUAGE WILL CONTROL THE RESOLUTION OF ALL COVERAGE QUESTIONS. PLEASE READ YOUR POLICY CAREFULLY.

If you have any questions regarding this notice, please contact your agent.

## **IMPORTANT INFORMATION**

### **Consumer Affairs – California**

Because of the complicated nature of the insurance business, there may be times when you will have questions regarding your coverage or the premium charged, or a problem may occur with your policy. If this occurs we urge you to contact either your agent or broker to answer your question or resolve your problem. However, if you are unable to receive a satisfactory answer or resolution to your problem, please contact us directly:

**Golden Eagle Insurance Corporation  
The Netherlands Insurance Company  
The Peerless Insurance Company**

Underwriting: 1-800-444-4452

Billing: 1-800-672-8130

Property/ Casualty Claims: 1-800-933-2453

Workers Compensation Claims: 1-800-603-6438

All Other Calls: 619-744-6000

If you are still not satisfied, you may contact the following  
State Agency:

**California Department of Insurance**  
300 South Spring Street  
Los Angeles, CA 90013

Toll Free Number: 1-800-927-HELP (Calif. only)

C00108

## IMPORTANT NOTICE TO POLICYHOLDERS

With respect to insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
COMMERCIAL PROTECTOR® LIABILITY COVERAGE FORM  
COMMERCIAL UMBRELLA LIABILITY POLICY

Your liability insurance is being renewed at this time with the addition of the Lead Exclusion. This results in some clarifications and reductions in coverage.

Following is a summary of the exclusion. NO COVERAGE IS PROVIDED BY THIS SUMMARY nor can it be construed to replace any provision in your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

### LEAD EXCLUSION SUMMARY

- A. CLARIFYING CHANGES** – language has been added for the purpose of clarity but there is no change in coverage intent.

Coverage is not provided for:

- (1) Any injury or damage arising out of any premises or operations involving the mining, processing, manufacture, storage, installation, sale, distribution, removal, disposal, handling, inhalation, ingestion, absorption, use or existence of lead or lead contained in goods, products or materials.
- (2) Any loss, cost or expense arising out of any:
  - (a) Request, demand, order, or statutory or regulatory requirement that any insured or others in any way respond to, or assess the effects of lead or lead contained in goods, products or materials.
  - (b) Claim or suit by or on behalf of a governmental authority for damages because of any response to or assessment of the effects of lead or lead contained in goods, products or materials.

- B. REDUCTIONS IN COVERAGE** – language has been added which has resulted in reductions in coverage.

Coverage is not provided for any injury or damage arising out of lead and lead contained in goods, products or materials if such injury or damage is included in the products or completed operations hazard.

C00109



## IMPORTANT POLICYHOLDER INFORMATION CONCERNING BILLING PRACTICES

**Dear Valued Policyholder:** This insert provides you with important information about our policy billing practices that may affect you. Please review it carefully and contact your agent if you have any questions.

**Premium Notice:** We will mail you a policy Premium Notice separately. The Premium Notice will provide you with specifics regarding your agent, the account and policy billed, the billing company, payment plan, policy number, transaction dates, description of transactions, charges/credits, policy amount balance, minimum amount, and payment due date. This insert explains fees that may apply to and be shown on your Premium Notice.

### **Available Premium Payment Plans:**

- **Annual Payment Plan:** When this plan applies, you have elected to pay the entire premium amount balance shown on your Premium Notice in full. No installment billing fee applies when the Annual Payment Plan applies.
- **Installment Payment Plan:** When this plan applies, you have elected to pay your policy premium in installments (e.g.: quarterly or monthly installments – Installment Payment Plans vary by state). As noted below, an installment fee may apply when the Installment Payment Plan applies.

The Premium Payment Plan that applies to your policy is shown on the top of your Premium Notice. It is also shown on your Policy Declarations. Please contact your agent if you want to change your Payment Plan election.

**Installment Payment Plan Fee:** If you elected to pay your premiums in installments using the Installment Premium Payment Plan, an installment billing fee applies to each installment bill. The installment billing charge will not apply, however, if you pay the entire balance due when you receive the bill for the first installment. Because the amount of the installment charge varies from state to state, please consult your Premium Notice for the actual fee that applies.

**Dishonored Payment Fee:** Your financial institution may refuse to honor the premium payment withdrawal request you submit to us due to insufficient funds in your account or for some other reason. If that is the case, and your premium payment withdrawal request is returned to us dishonored, a payment return fee will apply. Because the amount of the return fee varies from state to state, please consult your Premium Notice for the actual fee that applies.

**Late Payment Fee:** If we do not receive the minimum amount due on or before the date or time the payment is due, as indicated on your Premium Notice, you will receive a policy cancellation notice effective at a future date that will also reflect a late payment fee charge. Issuance of the cancellation notice due to non-payment of a scheduled installment(s) may result in the billing and collection of all or part of any outstanding premiums due for the policy period. Because the amount of the late fee varies from state to state, please consult your Premium Notice for the actual fee that applies. (Late Payment Fees are not applicable in some states.)

**Special Note:** Please note that some states do not permit the charging of certain fees. Therefore, if your state does not allow the charging of an Installment Payment Plan, Dishonored Payment or Late Payment Fee, the disallowed fee will not be charged and will not be included on your Premium Notice.

Once again, please contact your agent if you have any questions about the above billing practice information.

Thank you for selecting us to service your insurance needs.

C00110

# NOTICE TO POLICYHOLDERS

## COMMERCIAL GENERAL LIABILITY

### BROADENINGS, RESTRICTIONS AND CLARIFICATIONS OF COVERAGE

This notice has been prepared in conjunction with the implementation of changes to your policy. It contains a brief synopsis of the significant broadenings, restrictions and clarifications of coverage that were made in each policy form and endorsement. This notice does not reference every editorial change made in these forms and endorsements.

Please read your policy, and the endorsements attached to your policy, carefully.

#### INTERNET LIABILITY

Internet Liability has been listed separately because the changes in these coverage forms result in broadening in coverage in certain respects and may, in certain states, result in a decrease in other respects. The impacts of the changes in the revision are very difficult to quantify and may differ in different states.

#### BROADENINGS OF COVERAGE

##### **CG 00 01 10 01 – Commercial General Liability Coverage Form**

- The definition of "coverage territory" in these coverage forms has been expanded to include personal and advertising injury offenses that take place via the Internet or other electronic means of communication, limited to some extent by the location where the suit is filed.

#### RESTRICTIONS IN COVERAGE

##### **CG 00 01 10 01 – Commercial General Liability Coverage Form**

##### **CG 00 09 10 01 – Owners And Contractors Protective Liability Coverage Form**

##### **CG 00 37 10 01 – Products/Completed Operations Liability Coverage Form**

- The definition of "property damage" in these coverage forms has been revised to expressly state that electronic data is not tangible property. In most states, the question of whether electronic data is tangible has not been finally decided by the courts in the context of the prior policy language. We do not consider electronic data to be tangible, and therefore, do not consider damage to such data to be "property damage." In jurisdictions where such data is ruled not to be tangible property under prior forms, this change amounts to a reinforcement of current intent. However, to some, this change may be considered a decrease in coverage, if such property is held to be tangible under prior forms. For that reason, out of caution, we are listing it as a decrease. Also, the description of electronic data was added.

##### **CG 00 01 10 01 – Commercial General Liability Coverage Form**

- The former Coverage B Personal and Advertising Injury Liability exclusion pertaining to an insured whose business is advertising, broadcasting, publishing or telecasting has been revised to include Internet type businesses such as web-site designers, and Internet search, access, content and service providers. However, a provision has been added to the exclusion which states that placing of frames, borders or links, or advertising for the named insured or others anywhere on the Internet is not, by itself, considered the business of advertising, broadcasting, publishing or telecasting.
- An exclusion has been added to Coverage B for "personal and advertising injury" arising out of electronic chat rooms or bulletin boards.

#### CLARIFICATIONS IN COVERAGE

##### **CG 00 01 10 01 – Commercial General Liability Coverage Form**

- These coverage forms have been clarified with respect to the definition of "personal and advertising injury" offenses such as slander, libel and invasion of privacy by specifically applying the word "publication" to include all types of publication, including those that are electronic.
- These coverage forms have been clarified with respect to the definition of "advertisement" to include notices that are published via the Internet and other forms of electronic communication. Also a statement was included in the definition specifying that the definition applies to advertising material only, when other material, as well as advertising, is put forth on a web-site.



- An exclusion has been added to Coverage B Personal and Advertising Injury Liability to specifically reference the intellectual property rights of copyright, patent, trademark or trade secret. However, there is an exception to this exclusion for personal and advertising injury offenses of copyright, trade dress or slogan in an "advertisement"
- An exclusion has been added to Coverage B pertaining personal and advertising injury arising out the use of the Internet to divert another's customers away from a web-site.

## **OTHER CHANGES**

### **BROADENINGS OF COVERAGE – COVERAGE FORMS**

#### **CG 00 01 10 01 – Commercial General Liability Coverage Form**

- The Criminal Acts exclusion under Coverage B Personal and Advertising Injury Liability in these coverage forms is changed to permit coverage for the vicarious liability of other insureds who have no knowledge of a criminal act.
- Section II – Who Is An Insured in these coverage forms is broadened to include trusts as Named Insureds when designated in the policy Declarations.
- Section II – Who Is An Insured in these coverage forms is broadened to automatically include "volunteer workers" as insureds, but only while performing duties related to the conduct of the insured's business.

### **BROADENINGS OF COVERAGE – ENDORSEMENTS**

#### **CG 04 36 10 01 – Limited Product Withdrawal Expense Endorsement**

- When attached to the Commercial General Liability or Products/Completed Operations Liability Coverage Forms, this new endorsement provides reimbursement for certain expenses incurred because of a product withdrawal due to a recall or tampering.

#### **CG 20 37 10 01 – Additional Insured – Owners, Lessees Or Contractors – Completed Operations**

- This endorsement provides a broadening of coverage by explicitly providing completed operations coverage for a specified additional insured.

#### **CG 22 62 10 01 – Underground Resources And Equipment Coverage**

- This endorsement provides a broadening of coverage by adding an exception to the "damage to property" exclusion with respect to the care, custody or control provision. Coverage will be provided for such liability arising out of property damage included in the "underground resources hazard" for those oil or gas producing or servicing classes of risks otherwise excluded by CG 22 57 Exclusion – Underground Resources And Equipment Endorsement.

#### **CG 22 96 10 01 – Limited Exclusion – Personal And Advertising Injury – Lawyers**

- This endorsement provides coverage for personal and advertising injury liability for lawyers when they perform activities that fall outside of a lawyer's professional services.

#### **CG 22 97 10 01 – Druggists – Broadened Coverage**

- The endorsement CG 22 97, is introduced for use in the states that permit broader pharmacists duties and responsibilities.

#### **CG 24 22 10 01 – Amendment Of Coverage Territory – Worldwide Coverage**

- When this endorsement is attached to a policy, the coverage is provided for offenses and occurrences anywhere in the world, subject to the limitation on where the suit is filed.

#### **CG 24 23 10 01 – Amendment Of Coverage Territory – Additional Scheduled Countries**

- When this endorsement is attached to a policy, coverage is broadened beyond the standard coverage territory (US including its territories and possessions, Canada and Puerto Rico), to include any other country that will be specified in the Schedule subject to the limitation on where the suit is filed.

**CG 24 24 10 01 – Amendment Of Coverage Territory – Worldwide Coverage With Specified Exceptions**

- When this endorsement is attached to a policy, coverage is broadened to anywhere in the world, subject to the limitation on where the suit is filed, with the exception of those countries that will be listed in the Schedule.

**CG 27 15 10 01 – Extended Reporting Period Endorsement For Employee Benefits Liability Coverage**

- This endorsement is available for purchase when canceling or non-renewing Employee Benefits Liability coverage and provides an extended period of five years during which a claim may be made by the insured.

**CG 28 05 10 01 – Personal Injury Liability Endorsement**

- This endorsement provides broadening in coverage over its prior provisions, as there will now be coverage for vicarious liability of other insureds who have no knowledge of a criminal act.

**CG 31 15 10 01 – Construction Project Management Protective Liability Coverage**

- When attached to an OCP policy, this new endorsement provides vicarious liability to the owner, contractor, architect or engineer or construction manager arising out of the work of the named insured contractor with an exception for professional services. Also, employees of the Named Insured will be covered for acts or omissions in connection with the general supervision of the contractor's operations.
- Paragraph G. Extension of Who Is An Insured has been revised to include the members of parent support groups and student groups.

**CLARIFICATIONS IN COVERAGE AND OTHER EDITORIAL REVISIONS – COVERAGE FORMS**

All General Liability coverage forms contain minor editorial revisions to provide for consistency among policies. In addition, these coverage forms have been revised to incorporate other various revisions in order to clarify coverage. Those latter changes to each individual coverage form are described below:

**CG 00 33 10 01 – Liquor Liability Coverage Form****CG 00 37 10 01 – Products/Completed Operations Liability Coverage Form**

- These coverage forms are revised to clarify that international waters or airspace are included under "coverage territory" but only if an "injury" occurs in the course of travel or transportation between any two of the following: US (including its territories and possessions), Puerto Rico and Canada.

**CG 00 01 10 01 – Commercial General Liability Coverage Form****CG 00 09 10 01 – Owners And Contractors Protective Liability Coverage Form****CG 00 33 10 01 – Liquor Liability Coverage Form****CG 00 37 10 01 – Products/Completed Operations Liability Coverage Form**

- These coverage forms have been revised to incorporate the "known injury or damage" provisions directly into the Insuring Agreement. Formerly, the Insuring Agreement in these coverage forms was amended by an endorsement to include the "known injury or damage" provisions.

**CG 00 01 10 01 – Commercial General Liability Coverage Form****CG 00 09 10 01 – Owners And Contractors Protective Liability Coverage Form****CG 00 33 10 01 – Liquor Liability Coverage Form****CG 00 37 10 01 – Products/Completed Operations Liability Coverage Form**

- The Legal Action Against Us Condition in these coverage forms has been revised to remove the phrase "obtained after an actual trial". This is because the definition of "suit" allows damages to be awarded through arbitration or other alternative dispute resolution, so the judgment can be obtained without an actual trial.
- The Premium Audit Condition has been revised to state that the due date for the audit premium is the date shown as the due date on the bill. This is in compliance with a National Association of Insurance Commissioners (NAIC) requirement.

**CG 00 01 10 01 – Commercial General Liability Coverage Form**

- The Aircraft, Auto Or Watercraft exclusion under Coverage A in these coverage forms is being revised to clarify the intent of this exclusion to apply even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured.

C00115

**NOTICE TO POLICYHOLDERS  
COMMERCIAL GENERAL LIABILITY  
BROADENINGS, RESTRICTIONS AND CLARIFICATIONS OF COVERAGE**

This notice has been prepared in conjunction with the implementation of changes to your policy. It contains a brief synopsis of the significant broadenings, restrictions and clarifications of coverage that were made in each policy form and endorsement. This notice does not reference every editorial change made in these forms and endorsements.

Please read your policy, and the endorsements attached to your policy, carefully.

**PERSONAL AND ADVERTISING INJURY LIABILITY**

**Form GECG 635 – Amendment of Coverage B Personal and Advertising Injury Liability**

This endorsement revises the coverage afforded under Coverage B of the CG 00 01 (10 01) policy form and results in broadening coverage in certain respects, clarifies the coverage afforded there under and may, in certain states, result in a decrease in other respects. The impacts of the changes in the revision are very difficult to quantify and may differ in different states.

**BROADENINGS OF COVERAGE**

By this endorsement, Coverage B is specifically extended to advertising via the Internet and/or through the Insured's own Web site. Advertising via electronic transmissions and new media sources accessible to the public at large meets this definition.

**RESTRICTIONS IN COVERAGE**

Trade dress infringement, a species of trademark infringement, is now also excluded from coverage. The definition of "personal and advertising injury" has been modified to delete reference to "trade dress" infringement as an enumerated offense. There is no duty to defend suits alleging trademark and/or trade dress infringement under Coverage B as modified by this endorsement.

Likewise, the definition of the term "advertising" has been modified to specify that the design, packaging or labeling of any goods or products do not themselves constitute advertising. Thus allegations of trade dress infringement in the appearance of goods alone do not trigger coverage under the insuring clause of Coverage B as modified by this endorsement.

**CLARIFICATIONS IN COVERAGE AND EDITORIAL REVISIONS**

The endorsement includes an expanded definition of the term "advertising." This clarification is intended to comport with the legal decisions construing the plain meaning of that term as limited to information disseminated to the public at large. In states that have defined one-on-one sales solicitations or limited communications to a particular market segment as advertising, this definition could restrict coverage.

The new definition also specifies the media that constitute advertising and include new media outlets such as Internet advertising and advertising via a web site created and maintained by the Insured.

C00111

## IMPORTANT NOTICE TO POLICYHOLDERS

This notice describes changes in your General Liability Gold Endorsement. This notice is not a part of your policy. For complete information on all coverages, terms, conditions and exclusions, please review your policy and its endorsements. If there is any conflict between your policy and this notice, the provisions of the policy shall prevail.

Your General Liability Gold endorsement coverage has been changed. Please note the following differences:

We have removed the restrictions and clarifications to Coverage B, Personal and Advertising Injury, from this endorsement. The coverage and any restrictions or extensions are covered in the current policy forms and endorsements.

Coverage C. Medical Payments section 2. Expenses for dental services have been deleted.

C00112

CG 00 01 10 01 – Commercial General Liability Coverage Form  
 CG 00 09 10 01 – Owners And Contractors Protective Liability Coverage Form  
 CG 00 37 10 01 – Products/Completed Operations Liability Coverage Form

- The Damage To Property exclusion in these policies is revised to clarify that expenses incurred for repairs, etc. made on the insured's own property for any reason, including to avoid injury to a third party, will not be covered.

#### **CLARIFICATIONS IN COVERAGE AND OTHER EDITORIAL REVISIONS – ENDORSEMENTS**

**CG 20 33 10 01 – Additional Insured – Owners Lessees Or Contractors – Automatic Status When Required In Construction Agreement With You**

- We are revising these endorsements to clarify that completed operations coverage for an additional insured is excluded.

**CG 20 22 10 01 – Additional Insured – Church Members, Officers And Volunteer Workers**

- We are revising this endorsement to delete the reference to volunteer workers since the provisions relating to volunteer workers have been incorporated into the Commercial General Liability Coverage Form. This doesn't decrease coverage because of the fact that, in the prior edition of the coverage form, coverage for volunteer workers was excluded.

**CG 20 35 10 01 – Additional Insured – Grantor Of Licenses – Automatic Status When Required By Licensor**

**CG 20 36 10 01 – Additional Insured – Grantor Of Licenses**

- These new endorsements will add a person or organization who grants licenses as an additional insured to the policy of a person or organization who makes and distributes products of that person or organization. CG 20 35 provides automatic status as an additional insured of grantors of licenses. CG 20 36 requires that the grantor of the license be named in the Schedule of the endorsement.

**CG 21 37 10 01 – Exclusion – Employees And Volunteer Workers As Insured (formerly Exclusion – Employees As Insureds)**

- We are revising this endorsement to clarify that volunteer workers as well as employees are excluded as insureds.

**CG 21 37 10 01 – Exclusion – Employees And Volunteer Workers As Insureds**

**CG 22 71 10 01 – Colleges Or Schools (Limited Form)**

**CG 22 72 10 01 – Colleges Or Schools**

- The Aircraft, Auto Or Watercraft exclusion in these endorsements is being revised to clarify that this exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured.

#### **RESTRICTIONS IN COVERAGE – COVERAGE FORMS**

**CG 00 42 10 01 Underground Storage Tank Policy Designated Tanks**

- This policy is revised to exclude coverage for corrective action costs due to willful noncompliance with any statute, law, or ordinance for corrective action measures in the event of an underground storage tank incident.

#### **RESTRICTIONS IN COVERAGE – ENDORSEMENTS**

**CG 21 66 10 01 Exclusion – Volunteer Workers**

- When this endorsement is attached to a CGL, coverage is restricted by excluding volunteer workers as insureds from a CGL policy.

**CG 22 69 10 01 Druggists**

- We are revising CG 22 69 to clarify that the types of pharmacist services that are not within the traditional duties of pharmacists like writing prescriptions, administering drugs and vaccinations, and performing blood tests are excluded.



**CG 22 94 10 01 Exclusion – Damage To Work Performed By Subcontractors On Your Behalf****CG 22 95 10 01 Exclusion – Damage To Work Performed By Subcontractors On Your Behalf – Designated Sites Or Operations**

- When these new endorsements are attached to a CGL, coverage is restricted by excluding defects in "your work" from a CGL policy, even for work performed by a subcontractor.

**CG 22 98 10 01 Exclusion – Internet Service Providers And Internet Access Providers Errors And Omissions****CG 22 99 10 01 Professional Liability Exclusion – Web-Site Designers**

- These endorsements are introduced to exclude coverage for injury or damage arising out of the rendering or failure to render Internet service, Internet access, web-site designer or consultant services, as these professional services are not contemplated in the CGL coverage form.

**CG 28 12 10 01 Pesticide Or Herbicide Applicator Coverage**

- This endorsement is being revised to apply the exception to the exclusion to only paragraph 1(d) of exclusion j., so that the scope of coverage for pesticide or herbicide applicator should be the same under OCP policy as it is under the CGL policy.

**EMPLOYEE BENEFITS LIABILITY COVERAGE**

If your renewal contains **Employee Benefits Liability Coverage** endorsement **CG 04 35** and your expiring policy contained **Employee Benefit Program Liability Coverage Form GECG 811**, then the following changes apply to your insurance:

**BROADENINGS OF COVERAGE**

- An Extended Reporting Period provision has been added. If your policy is terminated, an Extended Reporting Period is available by endorsement for an extra charge and lasts for five years.
- The definition of "employee benefits program" has been revised to specifically include dental, vision and hearing plans, flexible spending accounts, employee stock ownership plans, leave of absence programs, tuition assistance programs, and transportation and health club subsidies.

**CLARIFICATIONS IN COVERAGE AND OTHER EDITORIAL REVISIONS**

- Editorial changes have been made throughout to achieve consistency among policy forms.
- Your Employee Benefits Liability Coverage is now provided by an endorsement that modifies the Commercial General Liability Coverage Part, and is no longer provided by a separate and distinct coverage part. Any pertinent information such as limits of insurance, Retroactive Date and premium will be displayed either in the Schedule of the endorsement or the Declarations for the Commercial General Liability Coverage Part.
- Investigation, settlement and defense provisions are no longer addressed separately and have been incorporated into the Insuring Agreement.
- The Insuring Agreement has been revised so that a claim will be deemed to be made at the earlier of the following times: When notice of claim is received and recorded by any insured or by us, whichever comes first; or When we make settlement.
- The Supplementary Payments provisions contained in the Commercial General Liability Coverage Form apply with respect to Employee Benefits Liability Coverage except for the cost of bail bonds and the provisions related to defense of the insured's indemnitees.
- "Bodily injury", "property damage" and "personal and advertising injury", as defined in the Commercial General Liability Coverage Form, are excluded from Employee Benefits Liability Coverage.
- An exclusion for Employment-Related Practices has been added to reinforce what is already the case, that insurance does not apply with respect to wrongful termination of employment, discrimination, or other employment-related practices.
- A Dishonest, Fraudulent, Criminal or Malicious Act exclusion has been added to emphasize the coverage intent to cover only negligent acts and to expressly preclude coverage for willful or reckless violation of any statute.

- A "claim", because of an act, error or omission committed on or after the Retroactive Date and before the end of the policy period, that is received and recorded by the insured within 60 days after the end of the policy period will be considered to have been received within the policy period, if no subsequent policy is available to cover the claim.
- An Inadequacy of Performance of Investment /Advice Given With Respect To Participation exclusion has been added and expressly excludes errors in providing information on past performance of investment vehicles.
- A Taxes, Fines or Penalties exclusion has been added.
- The Who Is An Insured provisions contained in the Commercial General Liability Coverage Form apply except as amended by the Employee Benefits Liability Coverage endorsement. Note that:
- Volunteer workers and real estate managers are not insureds.
- Your employees are insureds only if authorized to administer your "employee benefit programs".
- Any person or organization having proper temporary authorization to administer your "employee benefit program", if you die, are insureds, but only until your legal representative is appointed.
- Your legal representative is an insured, if you die, but only with respect to his or her duties as such.
- Coverage under the newly acquired or formed organization provisions does not apply to any act, error or omission that was committed before you acquired or formed the organization.
- The mobile equipment provisions contained in the Commercial General Liability Coverage Form do not apply
- The Conditions contained in the Commercial General Liability Coverage Form apply except as amended by the Employee Benefits Liability Coverage endorsement.
- The Definitions contained in the Commercial General Liability Coverage Form apply except as amended by the Employee Benefits Liability Coverage endorsement.
- A defined term "claim" has been added to explain that we mean a demand or suit for damages as a result of an act, error or omission. Such a claim must be made by an employee or an employee's dependents and beneficiaries.
- A defined term, "cafeteria plans" has been added and is used in the definition of "employee benefit program".
- A defined term, "employee" has been added which means a person actively employed, formerly employed, on leave of absence or disabled, or retired. Leased workers are included, but temporary workers are not included.

#### **RESTRICTIONS IN COVERAGE**

- The Inadequacy of Performance of Investment /Advice Given With Respect To Participation exclusion has been added and applies to advice given with respect to participation or nonparticipation in any employee benefit plan.
- An Each Employee Limit applies in lieu of the former Each Claim Limit. This is the most we will pay for all damages sustained by one employee including damages sustained by the employee's dependents and beneficiaries. The deductible amount also applies to all damages sustained by one employee including damages sustained by the employee's dependents and beneficiaries.
- The definition of "administration" does not include interpreting the "employee benefits program".

**COMMERCIAL PROPERTY COVERAGE PART**  
**ADVISORY NOTICE TO POLICYHOLDERS**  
**BROADENINGS, RESTRICTIONS AND CLARIFICATIONS OF COVERAGE**

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISIONS OF YOUR POLICY. READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS NOTICE, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

THIS NOTICE HAS BEEN PREPARED IN CONJUNCTION WITH THE IMPLEMENTATION OF CHANGES TO YOUR POLICY. IT CONTAINS A BRIEF SYNOPSIS OF THE SIGNIFICANT BROADENINGS, RESTRICTIONS AND CLARIFICATIONS OF COVERAGE THAT WERE MADE.

THE SECTIONS OF THE POLICY THAT CLARIFY, BROADEN, REDUCE OR CHANGE COVERAGE ARE IDENTIFIED BELOW. SOME OF THE LANGUAGE OF THE NEW POLICY HAS BEEN RESTATED AND REPUNCTUATED FOR CLARITY AND READABILITY, BUT WITH NO CHANGE IN COVERAGE INTENT.

THE MATERIAL IS ORGANIZED BY INDIVIDUAL COVERAGE FORMS AND ENDORSEMENTS; HOWEVER, NOT ALL COVERAGE FORMS OR ENDORSEMENTS ARE INCLUDED IN A PARTICULAR POLICY. THIS NOTICE DOES NOT REFERENCE EVERY EDITORIAL CHANGE MADE IN THE FORMS AND ENDORSEMENTS.

PLEASE READ YOUR POLICY, THE ENDORSEMENTS ATTACHED TO YOUR POLICY AND THIS NOTICE CAREFULLY.

**PROPERTY DAMAGE COVERAGE FORMS**

**I. CLARIFICATION OR PROCEDURAL CHANGES**

- **REPLACEMENT COST OPTIONAL COVERAGE**

In form CP 00 10, this Optional Coverage is revised to clarify that replacement cost coverage applies to tenants' improvements and betterments if the conditions of coverage are met.

In form CP 00 17, this Optional Coverage is revised to clarify that replacement cost coverage applies to personal property owned indivisibly by all unit owners, and to fixtures, improvements, alterations and appliances within a unit if such property is covered in the policy.

In forms CP 00 10, CP 00 17 and CP 00 18, this Optional Coverage is revised to more explicitly convey that the insured is not required to rebuild on the original premises, but the replacement cost is limited to the cost that would have been incurred in rebuilding at the original location.

- **DEBRIS REMOVAL LIMIT OF INSURANCE (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

The Debris Removal Additional Coverage is revised to clarify the provisions governing the amount of coverage, and to incorporate the excess limit which was previously found in the Limits of Insurance clause. Examples are added to illustrate how the amount of coverage is determined.

- **LIMITED LIABILITY COMPANIES (CP 00 10, CP 00 17, CP 00 18, CP 00 40, CP 00 70, CP 00 99, CP 10 30)**

In various coverage forms the Personal Effects and Property of Others coverage extension are revised to recognize members, managers and Limited Liability Companies.

Additionally, in CP 00 40 and CP 00 70 the Additional Insureds and Newly Acquired Organizations coverage extensions are revised to recognize Limited Liability Companies.

- **LOSS PAYMENT CONDITION (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

Language is added to the Loss Payment provision of the Loss Conditions section of the policy to clarify that determination of value is subject to the applicable Valuation Condition or any provision which amends or supersedes it.

- **VACANCY PROVISION (CP 00 10, CP 00 17, CP 00 18, CP 00 70, CP 00 99)**

The language of the Vacancy Condition is revised to:

- Clarify that rented space must be used to conduct customary operations, if a condition of vacancy is to be avoided.
- Restate the percentage threshold for vacancy under an owner's policy, with no change in the actual threshold.
- Add reference to the total square footage.
- Add references to a general lessee, lessee, sub-lessee and building owner, in various parts of the provision which relates to an owner's policy.

- **DEDUCTIBLE CLAUSE (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

The first paragraph of the Deductible clause is revised to elaborate on the interaction between this clause and the Coinsurance Condition in determining loss payment.

The second paragraph of the Deductible clause, which deals with losses to more than one item of insurance in one occurrence, is revised to clarify that the losses will not be combined in determining application of the Deductible. However, the Deductible will be applied only once per occurrence.

- **NEWLY ACQUIRED PROPERTY (CP 00 40)**

The phrase "the total of all" is deleted from the Newly Acquired Property Coverage Extension, thus clarifying the intent that there is building coverage up to \$250,000 at each building covered under the Extension, and coverage up to \$100,000 for personal property at each building.

- **INCREASED COST OF CONSTRUCTION (CP 00 10, CP 00 17)**

The Additional Coverage – Increased Cost Of Construction contains an exclusionary provision relating to pollution. Text is added, to make it explicit that the exclusion regarding pollution affects all aspects of the Increased Cost Of Construction coverage.

- **VALUABLE PAPERS AND RECORDS (OTHER THAN ELECTRONIC DATA) (CP 00 10, CP 00 17, CP 00 18, CP 00 99)**

Valuable papers and records (other than electronic data) are addressed in a Coverage Extension of that title. There is no change in coverage.

- **EQUIPMENT BREAKDOWN (EB) EXCLUSIONS (CP 10 30)**

Equipment Breakdown Coverage was previously provided within the Special Causes of Loss Form. This coverage will now be provided by endorsement.

## II. BROADENING OF COVERAGE

- **SUPPLEMENTARY PAYMENTS – LOSS OF EARNINGS (CP 00 40, CP 00 70)**

The maximum daily payment for loss of earnings under the Supplementary Payments provision is being increased from the current \$100 to \$250 to more adequately recognize the earnings of many professions.

- **ADDITIONAL COVERAGE – INCREASED COST OF CONSTRUCTION (CP 00 10, CP 00 17)**

A new coverage, Increased Cost of Construction (ICC), is added under Additional Coverages. The ICC is a limited coverage for the increased cost of complying with building codes following covered damage to a building that is insured on a Replacement Cost basis. The ICC provides a limit of \$10,000 or 5% of the Limit of Insurance applicable to the building, whichever is less. For buildings insured under a blanket Limit, the 5% is applied to the value of the building as of time of loss. ICC coverage applies only to the repair, rebuilding or replacement of damaged parts of the building.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION – VIOLATION OF STATUTES THAT GOVERN  
E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF  
SENDING MATERIAL OR INFORMATION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

- A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES**

"Bodily Injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

- B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

C00121



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TOTAL POLLUTION EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL GENERAL LIABILITY COVERAGE PART**

Exclusion f. under Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:

This insurance does not apply to:

#### **f. Pollution**

- (1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
- (2) Any loss, cost or expense arising out of any:
  - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
  - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

C00122

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES – ACTUAL CASH VALUE**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

C00123

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES**

This endorsement modifies insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL  
COVERAGES, CONDITIONS, DEFINITIONS  
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM  
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM  
STANDARD PROPERTY POLICY**

- A.** When this endorsement is attached to the Standard Property Policy CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud Condition** is replaced by the following with respect to loss ("loss") or damage caused by fire:

We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. That insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

- C.** The **Concealment, Misrepresentation Or Fraud Condition** is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:

This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. An insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

- D.** Except as provided in E., the **Appraisal Condition** is replaced by the following:

If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser, and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C00124

**E. The Appraisal Condition in:**

- 1. Business Income (And Extra Expense) Coverage Form CP 00 30; and**
- 2. Business Income (Without Extra Expense) Coverage Form CP 00 32;**

**is replaced by the following:**

**If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:**

- a. Pay its chosen appraiser; and**
- b. Bear the other expenses of the appraisal and umpire equally.**

**If there is an appraisal, we will still retain our right to deny the claim.**

C00125

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:

**2. All Policies In Effect For 60 Days Or Less**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:
  - (1) Nonpayment of premium; or
  - (2) Discovery of fraud by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

**3. All Policies In Effect For More Than 60 Days**

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
  - (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
  - (2) Discovery of fraud or material misrepresentation by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
  - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
  - (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

C00126



- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
- (6) A determination by the Commissioner of Insurance that the:
  - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
  - (b) Continuation of the policy coverage would:
    - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
    - (ii) Threaten our solvency.
- (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
  - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

**B. The following provision is added to the Cancellation Common Policy Condition:**

**7. Residential Property**

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

**Commercial Property Coverage Part**

**Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form**

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
- b. We may not cancel this policy solely because the first Named Insured has:
  - (1) Accepted an offer of earthquake coverage; or
  - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This Restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
  - (1) Capital Assets Program Coverage Form (Output Policy);
  - (2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
  - (3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

C. The following is added and supersedes any provisions to the contrary:

**NONRENEWAL**

1. Subject to the provisions of Paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. **Residential Property**

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Capital Assets Program (Output Policy) Coverage Part

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below:
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;
- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or
- (3) We have:
  - (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
  - (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.
- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.
- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This Restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
  - (1) Capital Assets Program Coverage Form (Output Policy);
  - (2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
  - (3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

C00128

3. We are not required to send notice of nonrenewal in the following situations:
- a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.
  - b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
  - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
  - d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
  - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
  - f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
STANDARD PROPERTY POLICY

**A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.**

**1. The failure, malfunction or inadequacy of:**

**a. Any of the following, whether belonging to any insured or to others:**

- (1) Computer hardware, including microprocessors;**
- (2) Computer application software;**
- (3) Computer operating systems and related software;**
- (4) Computer networks;**
- (5) Microprocessors (computer chips) not part of any computer system; or**
- (6) Any other computerized or electronic equipment or components; or**

**b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;**

**due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.**

**2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.**

**B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:**

**1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or**

**2. Under the Commercial Property Coverage Part:**

**a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or**

**b. In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;**

**we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.**

**C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.**

C00130

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALCULATION OF PREMIUM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

C00131



- **REPLACEMENT COST OPTIONAL COVERAGE – PERSONAL PROPERTY OF OTHERS (CP 00 10, CP 00 17, CP 00 18)**

An option is added to extend Replacement Cost coverage to the personal property of others. The extension may be selected only when Replacement Cost coverage also applies to the Building and/or Business Personal Property insured under the policy.

- **NEWLY ACQUIRED OR CONSTRUCTED PROPERTY COVERAGE EXTENSION (CP 00 10, CP 00 17, CP 00 18, CP 00 99)**

The Newly Acquired or Constructed Property Coverage Extension is revised to:

- equate the start of the 30-day coverage period (and the inception date for calculation of premium) with the start of construction of covered property;
- add coverage for business personal property at a newly constructed or acquired building at the insured location;
- specify that the business personal property itself may be insured property or newly acquired property (e.g., acquisition of another firm's inventory); and
- add coverage for newly acquired business personal property at the described building insured under the policy.

**CAUTION:** The Extension does not apply to:

- property at a fair, trade show or exhibition; or
  - personal property temporarily in the insured's possession either in the course of installing or performing work on such property or in the course of manufacturing or wholesaling activities.
- **NON-OWNED DETACHED TRAILERS (CP 00 10, CP 00 17, CP 00 18, CP 00 99)**

This new Coverage Extension provides limited coverage on non-owned detached trailers. Coverage is based on contractual responsibility and is provided in the amount of \$5,000, unless a higher limit is shown in the Declarations. The Coverage Extension is subject to the Causes of Loss Form that applies to the insured's business personal property (therefore, theft is covered only if the Special Causes of Loss Form applies, provided such Form has not been endorsed to exclude theft).

- **PROPERTY OFF-PREMISES (CP 00 10, CP 00 17, CP 00 18, CP 00 99)**

The Property Off-Premises Coverage Extension is revised to include limited coverage for stock, property at a storage location leased mid-term and property at a fair, trade show or exhibition. The limit was increased from \$10,000 to \$25,000.

### III. REDUCTION OF COVERAGE

- **COLLAPSE COVERAGE (CP 00 20, CP 00 70, CP 10 20, CP 10 30)**

Under the Additional Coverage – Collapse, a definition of collapse is introduced to explicitly set forth the intended coverage.

The definition requires an abrupt falling down or caving in of the building or part of the building. The definition affects losses caused by hidden decay, hidden insect or vermin damage, or use of defective materials or methods in construction, remodeling or renovation. Other causes of loss named in the Collapse Additional Coverage are not affected by the definition of collapse because they are covered by the policy irrespective of whether there is a collapse.

- **INCREASED COST OF CONSTRUCTION (CP 00 10, CP 00 17)**

The Additional Coverage – Increased Cost Of Construction is revised to specify that such coverage does not respond to losses related to enforcement of laws which require, for example, demolition or repair of property due to fungus, wet rot, dry rot or bacteria, or the assessment or clean up of fungus, wet rot, dry rot or bacteria.

- **ELECTRONIC DATA – LEGAL LIABILITY AND MORTGAGEHOLDERS ERRORS AND OMISSIONS (CP 00 40, CP 00 70)**

Under revised Legal Liability Coverage Form CP 00 40, Covered Property does not include electronic data.

In revised Mortgageholders Errors And Omissions Coverage Form CP 00 70, under Coverage A (Mortgageholders Interest) and Coverage B (Property Owned Or Held In Trust), Covered Property does not include electronic data.

#### **IV. CHANGES IN COVERAGE**

##### **ELECTRONIC DATA (CP 00 10, CP 00 17, CP 00 18, CP 00 99)**

In the revised policy, electronic data (which is defined) is characterized as Property Not Covered, except as provided under Additional Coverage – Electronic Data. [The characterization of electronic data as Property Not Covered is not a comment on the essential nature of electronic data. Rather, Property Not Covered is designed to address situations which serve as exceptions to Covered Property or simply need to be identified as being outside the purview of coverage or full coverage.]

Under the Additional Coverage – Electronic Data, coverage is provided for the cost of replacing or restoring electronic data which has been destroyed or corrupted by a Covered Cause of Loss. The Covered Causes of Loss in this situation are certain named perils, including computer virus as limited. The Electronic Data coverage is subject to an annual aggregate limit of \$2,500 per policy, which applies regardless of the number of occurrences, premises, locations or computer systems involved.

**Reduction in coverage:** The new annual aggregate limit of \$2,500 per policy represents a reduction in coverage with respect to losses that would have been covered in the past under Valuable Papers And Records – Cost of Research. The previous coverage was in the amount of \$2,500 per premises for each occurrence, unless the Declarations showed a higher limit.

**Potential broadening of coverage:** As revised, the policy explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the policy in the past. The revised policy also makes it explicit that a computer virus is a covered cause of loss in many circumstances. To the extent that such losses would not have been covered in the past, the Additional Coverage – Electronic Data represents a broadening of coverage.

#### **BUSINESS INTERRUPTION COVERAGE FORMS**

##### **I. CLARIFICATION OR PROCEDURAL CHANGES**

- **TIME ELEMENT – SUSPENSION OF OPERATIONS (CP 00 30, CP 00 32, CP 00 50)**

A definition of the term suspension is introduced. Suspension of operations includes the slowdown or cessation of your business activities.

- **BUSINESS INCOME – SALES VALUE OF PRODUCTION (CP 00 30, CP 00 32)**

The coverage grant in the business income forms is revised to state explicitly that, for manufacturing risks, net income includes the net sales value of production.

- **EDITORIAL CHANGE TO CP 00 30 and CP 00 32**

The text of the Extended Period of Indemnity option is revised to make reference to subparagraphs (1)(b) and (2)(b) of the Extended Business Income grant since the Extended Period of Indemnity option is intended to apply to both rental value ((2)(b)) and other-than-rental-value ((1)(b)).

- **RENTAL VALUE (CP 00 30, CP 00 32)**

The definition of rental value has been revised to emphasize that continuing normal operating expenses are included and non-continuing expenses are deducted in computing loss of rental value.

C00133

- **EXTRA EXPENSE COVERAGE (CP 00 30, CP 00 50)**

The Extra Expense coverage grant, as revised, omits explicit reference to the expense of replacing valuable papers and records. The new limitations on electronic data, discussed above, affect valuable papers and records stored as electronic data. There is no particular restriction (and no change in coverage) relating to valuable papers and records in the paper medium.

The Extra Expense coverage grant is revised to clarify that repair or replacement of property is covered only to the extent that it reduces the amount of loss that otherwise would have been payable under the Coverage Form (CP 00 30 or CP 00 50).

- **BUSINESS INCOME AND EXTRA EXPENSE – ACTUAL LOSS SUSTAINED (21-30)**

Business Income and Extra Expense – Actual Loss Sustained (GECP 601) is replaced with Business Income and Extra Expense – Actual Loss Sustained (21-30). Business Income (and Extra Expense) Coverage Form (CP 00 30) will be added when Business Income and Extra Expense – Actual Loss Sustained (21-30) is endorsed to the policy.

## **II. BROADENING OF COVERAGE**

- **TENANTS' PREMISES (CP 00 30, CP 00 32, CP 00 50)**

With respect to insureds who occupy part of a building, the meaning of premises is expanded to include any area within the building or on the site at which the tenant's premises are located, if that area services, or is used to gain access to, the tenant's premises.

- **ALTERATIONS, NEW BUILDINGS AND NEW LOCATIONS (CP 00 30)**

The following are extended to apply to Extra Expense coverage: Additional Coverage – Alterations And New Buildings and Coverage Extension – Newly Acquired Locations.

## **III. REDUCTION OF COVERAGE**

- **MAXIMUM PERIOD OF INDEMNITY OPTIONAL COVERAGE (CP 00 30)**

When this option is made applicable to the policy, recovery for loss of business income and extra expense is limited to the amount of such loss or expense sustained during the 120 days following property damage, subject to the Limit of Insurance. Previously, this option applied only to business income loss.

- **BUSINESS INCOME AND EXTRA EXPENSE – ACTUAL LOSS SUSTAINED (21-30)**

Previously the period of restoration began immediately after the time of direct physical loss or damage. The period of restoration now under Business Income and Extra Expense – Actual Loss Sustained (21-30) will begin 72 hours after the time of direct physical loss or damage.

## **IV. CHANGES IN COVERAGE**

### **INTERRUPTION OF COMPUTER OPERATIONS (CP 00 30, CP 00 32, CP 00 50)**

In the past, coverage for business income loss due to damage to electronic media and records was limited to the longer of 60 days or the time needed to restore other property (unless a greater number of days was provided via endorsement CP 15 29). These time limitations, including amendment via CP 15 29, no longer apply.

In the revised policy, under an Additional Coverage – Interruption Of Computer Operations, coverage is provided for business income loss and/or extra expense (depending on the Coverage Form used in a particular policy) arising from a business interruption caused by destruction or corruption of electronic data by a Covered Cause of Loss. The Covered Causes of Loss in this situation are certain named perils, including computer virus as limited. The Interruption Of Computer Operations coverage is subject to an annual aggregate limit of \$2,500 per policy, which applies regardless of the number of occurrences, premises, locations or computer systems involved.

**Reduction in coverage:** In comparison to the time limitation used in the past, the new aggregate dollar limit represents a reduction in business income coverage. Coverage is also reduced for extra expense, because the aforementioned time limitation did not affect extra expense; the new aggregate limit affects business income and extra expense.

**Potential broadening of coverage:** As revised, the policy explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the policy in the past. The revised policy also makes it explicit that a computer virus is a covered cause of loss in many circumstances. To the extent that business interruptions related to such losses would not have been covered in the past, the Additional Coverage – Interruption Of Computer Operations represents a broadening of coverage.

### **CHANGES IN GLASS COVERAGE**

- The Commercial Property Coverage Part includes coverage for glass that is part of a building or part of business personal property, if the building or business personal property qualifies as Covered Property. The covered causes of loss for such property are determined by the Causes of Loss Form that applies to Covered Property.
- If your previous policy did not include Glass Coverage Form CP 00 15, then either explanation (A) or (B) applies:
  - (A) If the Covered Property is subject to the Causes of Loss – Basic Form (CP 10 10) or Causes of Loss – Broad Form (CP 10 20), coverage is broadened in that the vandalism cause of loss no longer contains an exception for glass. Under CP 10 20, coverage is also reduced, in that the \$500 Additional Coverage – Breakage of Glass (applicable to causes of loss not otherwise covered under CP 10 20) is eliminated.
  - (B) If the Covered Property is subject to the Causes of Loss – Special Form (CP 10 30), coverage on glass is broadened. Coverage under CP 10 30 is expanded to include glass breakage caused by a cause of loss that is not otherwise excluded, and damage caused by chemicals applied to glass. [The coverage for glass breakage is accomplished by removal of a previous limitation.] The new edition of CP 10 30 also includes an Additional Coverage Extension pertaining to temporary plates and removal of obstructions.
- If your previous policy included Glass Coverage Form CP 00 15 and Covered Property is subject to the Causes of Loss – Special Form (CP 10 30) under your new policy, the following disclosure applies: Coverage for glass breakage is reduced in that CP 10 30 does not cover earthquake or flood. But if your policy is endorsed to cover earthquake and flood (separate endorsements), then glass coverage under the new policy is substantially equivalent to the old.

### **CAUSES OF LOSS FORMS**

(and Causes of Loss Sections of CP 00 70 and CP 00 99 as listed in Individual Items)

#### **I. CLARIFICATION OR PROCEDURAL CHANGES**

- **EARTH MOVEMENT EXCLUSION (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

The Earth Movement Exclusion is revised to separate the various types of earth movement into different paragraphs, and to provide some detail on the terms earth sinking, rising and shifting, including explicit reference to soil conditions, the action of water, and settling.

- **WATER DAMAGE NAMED PERIL (CP 10 20)**

The Water Damage peril is revised to clarify that it is intended to respond only to losses which involve the breaking apart or cracking of an on-premises system or on-premises appliance. The description of water damage under the Additional Coverage – Collapse is revised to follow suit.

This peril is also revised to specify that coverage does not include discharge or leakage from roof drains, gutters, downspouts or similar fixtures or equipment. Such equipment is not considered to be a covered system under the terms of this peril.



- **SPECIFIED CAUSES OF LOSS (CP 10 30)**

In the Causes of Loss – Special Form, the definition of "specified causes of loss" (named perils which apply under certain circumstances) is revised to clarify that water damage relates to the breaking apart or cracking of an on-premises system or on-premises appliance.

- **SPECIAL FORM LIMITATION ON VALUABLE PAPERS AND RECORDS (CP 10 30)**

This limitation does not apply to prepackaged software programs.

- **EXCLUSIONS (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

Language is added in the section of the form pertaining to exclusions, to emphasize that exclusions apply whether the loss event results in widespread damage or affects a substantial area.

- **EXCLUSION OF NEGLIGENCE (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

To complement and reinforce the Duties In The Event of Loss Or Damage condition in the coverage forms, which requires the insured to take all reasonable steps to protect the Covered Property from further damage, an exclusion pertaining to neglect is introduced.

- **CORPORATIONS AND LIMITED LIABILITY COMPANIES (CP 10 30)**

The exclusion pertaining to dishonest and criminal acts is revised to recognize members, officers and managers.

- **UTILITY SERVICES EXCLUSIONS (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

A statement has been added to the Utility Services exclusions, explaining that failure of power or other utility service includes lack of sufficient capacity and a reduction in the supply of the service.

## II. BROADENING OF COVERAGE

- **WEIGHT OF ICE, SNOW AND SLEET (CP 10 20, CP 10 30)**

Coverage is no longer precluded for loss or damage to gutters and downspouts caused by the weight of ice, snow or sleet.

- **PROPERTY IN TRANSIT (CP 10 30)**

Named perils coverage for personal property in transit, in or on a motor vehicle owned, leased or operated by the insured, is increased to \$5,000.

- **TIME ELEMENT PERIOD OF INDEMNITY CANCELLATION OF CONTRACT (CP 10 10, CP 10 20, CP 10 30)**

An exception (applicable to Business Income coverage forms) allows coverage for loss of business income related to suspension, lapse or cancellation of a license, lease or contract, if the suspension, lapse or cancellation was directly caused by a covered suspension of the insured's operations. The exception is revised to extend coverage to apply during an Extended Business Income period and any applicable optional extension.

## III. REDUCTION OF COVERAGE

- **LOSSES INVOLVING FUNGUS, WET ROT, DRY ROT OR BACTERIA (CP 10 10, CP 10 20, CP 10 30, CP 00 70, CP 00 99)**

In the past, coverage for loss caused by fungus (including mold, wet rot and dry rot) was provided when the fungus resulted from a Covered Cause of Loss. Under property damage forms, the Limit of Insurance on the affected property was the maximum payable for the total of all damages (by the covered cause of loss and fungus) to the covered property. Under business interruption forms, the period of restoration, as defined in the forms, applied without exception to a suspension of operations involving fungus. Such coverage, for property damage and business interruption, still applies when fungus results from a fire or lightning loss.

As revised, the policy provides limited coverage when fungus results from a Covered Cause of Loss other than fire or lightning (Forms CP 10 10, CP 10 20, CP 00 99) or a specified cause of loss other than fire or lightning (as defined in forms CP 10 30, CP 00 70). Property damage coverage is subject to a \$15,000 annual aggregate limit per policy (unless such limitation is increased via endorsement CP 04 31). The \$15,000 (or higher) limit, which does not increase the amount of insurance on the affected property, represents a reduction in coverage. Under business interruption coverage (provided that a particular policy includes such coverage), when a business interruption is attributable to fungus, the period of restoration is limited to 30 days (not necessarily consecutive days). When fungus prolongs a business interruption that is attributable to other damage, a delay of up to a total of 30 days is covered (regardless of when the delay occurs during the period of restoration). In each case, the 30-day period (or a longest period if endorsed via CP 04 31) represents a reduction in coverage.

- **EXCLUSION OF CONTINUOUS OR REPEATED SEEPAGE OR LEAKAGE OF WATER OR STEAM (CP 10 10, CP 10 20, CP 10 30, CP 00 99)**

This exclusion has been revised by adding reference to the presence or condensation of humidity, moisture or vapor. The exclusion addresses conditions which persist over a period of 14 or more days.

### ENDORSEMENTS

#### **I. CLARIFICATION OR PROCEDURAL CHANGES**

<b>GECF 900</b>	<b>FOOD PROCESSORS PLATINUM</b>
<b>GECF 901</b>	<b>LESSORS PLATINUM</b>
<b>GECF 902</b>	<b>MANUFACTURERS/PROCESSORS PLATINUM</b>
<b>GECF 903</b>	<b>RESTAURANT PLATINUM</b>
<b>GECF 904</b>	<b>RETAIL PLATINUM</b>
<b>GECF 905</b>	<b>SERVICE PROVIDERS PLATINUM</b>
<b>GECF 906</b>	<b>WHOLESALE/DISTRIBUTORS PLATINUM</b>
<b>GECF 907</b>	<b>PROPERTY GOLD ENDORSEMENT</b>

These proprietary endorsements are revised to track with the ISO form changes. Reference to coverage provisions now provided as part of the ISO form(s) have been deleted.

- **CP 04 15 ENDORSEMENT: DEBRIS REMOVAL ADDITIONAL INSURANCE**

In the underlying coverage forms, the language concerning debris removal is deleted from the Limits of Insurance clause and incorporated into the Debris Removal Additional Coverage. This change in format necessitates editorial changes to optional endorsement CP 04 15, which allows an increase in the amount of debris removal coverage.

- **CP 12 11 BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS**

The endorsement is revised to eliminate information pertaining to an obsolete Underwriters Laboratories classification system. Further, the endorsement no longer refers to Underwriters Laboratories certification since there are many organizations that evaluate alarm systems.

- **CP 11 20 BUILDERS RISK – COLLAPSE DURING CONSTRUCTION**

Paragraph references are revised due to Format changes in the Causes of Loss forms.

- **CP 01 53 COLLAPSE CHANGES (WITHDRAWN)**

This endorsement corrects paragraph references in the 1995 edition of CP 00 20 and CP 00 70. It is not applicable to the new edition of the forms.

- **CP 10 37 RADIOACTIVE CONTAMINATION**

The word "or" in paragraphs A.1. and B.1. of the endorsement is replaced by the word "including", thereby appropriately connecting the sub-paragraph on "resultant" damage to the description which precedes it.



- **CP 15 24 MINING PROPERTIES – BUSINESS INCOME**

A Schedule and accompanying footnote are added to the endorsement. The Schedule enables selection of the appropriate coverage option provided by the endorsement: No Underground Coverage, Limited Underground Coverage or Broad Underground Coverage.

- **CP 15 08 BUSINESS INCOME FROM DEPENDENT PROPERTIES – BROAD FORM**
- **CP 15 09 BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED FORM**
- **CP 15 31 ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION**
- **CP 15 34 EXTRA EXPENSE FROM DEPENDENT PROPERTIES**

To recognize that the term suspension is now a defined term, these endorsements are revised to add quotation marks to the word suspension (in the phrase suspension of operations).

- **CP 04 05 ORDINANCE OR LAW COVERAGE ENDORSEMENT**
- **CP 15 31 ORDINANCE OR LAW INCREASED PERIOD OF RESTORATION ENDORSEMENT**

These endorsements contain an exclusionary provision relating to pollution. In the revised endorsements, text has been added to make it explicit that such exclusion affects all aspects of the Ordinance Or Law coverage.

- **CP 15 45 UTILITY SERVICES – TIME ELEMENT**

The revised endorsement includes a paragraph explaining the function of the Schedule entry for a Limit of Insurance. The title of that Schedule entry is revised to make it more explicit.

- **CP 15 08 BUSINESS INCOME FROM DEPENDENT PROPERTIES – BROAD FORM**
- **CP 15 09 BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED FORM**
- **CP 15 34 EXTRA EXPENSE FROM DEPENDENT PROPERTIES**

Under these endorsements, contributing locations (a property that delivers materials or services to the insured) do not include suppliers of water, communication service or power. In the revised endorsements, there is explicit mention that services relating to Internet access (or access to any electronic network) fall under communication supply services.

- **CP 11 05 BUILDERS RISK REPORTING FORM**
- **CP 13 10 VALUE REPORTING FORM**

New language has been added to the Premium Adjustment section of these forms, stating that the due date for any additional premium is the date shown on the bill as the due date.

- **GECP 700 EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT**

Within the definition of Accident the word fortuitous was inserted as follows. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment."

## **II. BROADENING OF COVERAGE**

- **GECP 900, GECP 901, GECP 902, GECP 903, GECP 904, GECP 905, GECP 906 PLATINUM ENDORSEMENTS**

- Limits for outdoor signs attached to buildings is increased to \$25,000.
- Limits for Property Off Premises increased to either \$25,000 or to \$50,000 per the form.

- **GECP 907 PROPERTY GOLD ENDORSEMENT**

- Limits for outdoor signs attached to buildings is increased to \$5,000.
- Damages from Sewer Back Up is included with a \$10,000 limit.

- **GECP 700 EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT**

1. This new endorsement adding Equipment Breakdown coverage provides a \$100,000 limit for each of the following: Spoilage, Data Restoration and Expediting Expense.
2. Environmental, Safety & Efficiency Improvements coverage added but limited to 25% of the replacement cost of the equipment damaged. This coverage will pay for the insured to replace the damaged equipment with one that is better for the environment, improved safety features and is more efficient subject to a limit as noted.

- **CP 10 65 and 21-66 FLOOD COVERAGE ENDORSEMENT AND SCHEDULE**

An optional endorsement is introduced to provide flood coverage. Contact your agent for additional information.

- **CP 04 60 VACANCY CHANGES**

This new, optional endorsement enables modification of the threshold for determining vacancy of a premises.

- **CP 17 98 CONDOMINIUM COMMERCIAL UNIT OWNERS CHANGES – STANDARD PROPERTY POLICY**

The Newly Acquired Property Coverage Extension in endorsement CP 17 98 is being revised to:

- revise the provision which currently limits coverage at each building to the lesser of 10% of the Business Personal Property Limit or \$100,000. Instead, coverage will be provided up to \$100,000 at each building;
- specify that the business personal property at the newly acquired location may be insured property that has been relocated to that location, or newly acquired business personal property (e.g., acquisition of another firm's inventory); and
- add coverage for newly acquired business personal property at the described premises.

**CAUTION:** This Coverage Extension does not apply to personal property of others that is temporarily in the insured's possession in the course of installing or performing work on such property or in the course of manufacturing or wholesaling activities.

- **CP 04 01 BRANDS AND LABELS**

Under the terms of this optional endorsement, the insured may stamp "salvage" on merchandise that is being taken by the insurer, or remove the brands or labels, subject to certain conditions. CP 04 01 is revised to include coverage for costs incurred by the insured in performing the aforementioned activity. This coverage does not increase the applicable Limit of Insurance.

- **CP 15 32 ENDORSEMENT: CIVIL AUTHORITY (TIME ELEMENT)**

This new, optional endorsement pertains to Business Income and Extra Expense coverage. The endorsement provides the option of replacing the three-week Civil Authority coverage period with a coverage period of 60, 90 or 180 days.

- **CP 15 25 BUSINESS INCOME – EDUCATIONAL INSTITUTIONS**

An Extension of Recovery Period Option is added to CP 15 25, triggered via the Schedule. This option covers loss of business income sustained during "X" months following physical restoration of the property. This option is presented in Endorsement CP 15 25 as an alternative to the endorsement's more limited Extended Business Income coverage.

In addition:

- The Schedule is expanded to accommodate entry of a description of each school term in an annual period, to clarify intended coverage; and
- The term suspension, now a defined term when used in the phrase suspension of operations, is enclosed in quotation marks.

- **CP 04 30 ELECTRONIC COMMERCE (E-COMMERCE)**

This new, optional endorsement addresses certain exposures related to use of the Internet in conducting business. Coverage, as described and limited in the endorsement, applies to restoration of electronic data and loss of income arising out of interruption of e-commerce activities.

- **CP 04 32 BUSINESS PERSONAL PROPERTY – LIMITED INTERNATIONAL COVERAGE**

This new, optional endorsement provides property damage coverage on business personal property during a business trip to a foreign territory.

- **CP 04 33 PROPERTY IN PROCESS OF MANUFACTURE BY OTHERS – LIMITED INTERNATIONAL COVERAGE**

This new, optional endorsement extends property damage coverage on business personal property to raw materials and goods while in the process of manufacture in a foreign territory (outsourcing).

- **CP 15 01 BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED INTERNATIONAL COVERAGE**

- **CP 15 02 EXTRA EXPENSE FROM DEPENDENT PROPERTIES – LIMITED INTERNATIONAL COVERAGE**

Under these new, optional endorsements, the dependent properties are contributing or manufacturing locations in a foreign territory. Each location must be identified.

### III. REDUCTION OF COVERAGE

- **GECP 900, GECP 901, GECP 902, GECP 903, GECP 904, GECP 905, GECP 906 PLATINUM ENDORSEMENTS**

1. Limits for signs as covered under Outdoor Property is decreased to \$25,000.
2. Employee Dishonesty coverage is revised to clarify how coverage will respond as respects prior acts and prior insurance. A one year discovery period was added.
3. Civil Authority coverage is deleted. The Civil Authority coverage in the Business Income (and Extra Expense) Coverage Form (CP 00 30) will apply if this coverage applies. The coverage attachment is amended from at time of the civil action to 72 hours after the time of the action.

- **GECP 901, GECP 906 PLATINUM ENDORSEMENTS**

Appraisal and Inventory Limits reduced to \$5,000.

- **GECP 907 PROPERTY GOLD ENDORSEMENT**

1. Limits for signs as covered under Outdoor Property is decreased to \$5,000.
2. Civil Authority coverage is deleted. The Civil Authority coverage in the Business Income (and Extra Expense) Coverage Form (CP 00 30) will apply if this coverage applies. The coverage attachment is amended from at time of the civil action to 72 hours after the time of the action.

- **GECP 830 PERSONAL PROPERTY OF OTHERS**

This endorsement which amended the limit for Your Business Personal Property to include Personal Property of Others is deleted. Unless otherwise endorsed the limit for Personal Property of Others is \$2,500 as provided in the Building and Personal Property Coverage Form (CP 00 10).

- **GECP 700 EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT**

Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident." Prior coverage responded at the time of the failure or disruption.

- CP 14 30 OUTDOOR TREES, SHRUBS AND PLANTS
- CP 14 40 OUTSIDE SIGNS
- CP 14 50 RADIO OR TELEVISION ANTENNAS

These endorsements are revised to emphasize that applicable policy provisions affect coverage provided under the endorsements. Particularly relevant exclusions from the underlying forms are incorporated into the endorsements.

- CP 04 05 ORDINANCE OR LAW COVERAGE ENDORSEMENT
- CP 15 31 ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION ENDORSEMENT

These endorsements are revised to specify that ordinance or law coverage does not respond to losses related to enforcement of ordinances or laws which require, for example, demolition or repair of property due to fungus, wet rot, dry rot or bacteria, or the assessment or clean up of fungus, wet rot, dry rot or bacteria.

- CP 15 08 BUSINESS INCOME FROM DEPENDENT PROPERTIES – BROAD FORM
- CP 15 09 BUSINESS INCOME FROM DEPENDENT PROPERTIES – LIMITED FORM
- CP 15 34 EXTRA EXPENSE FROM DEPENDENT PROPERTIES

As revised, coverage under these endorsements does not apply when the only damage at the premises of the dependent property is damage to electronic data. If the dependent property suffers damage to electronic data and other property, resulting in a suspension of operations at the insured's premises, coverage under these endorsements will not continue after such other property is repaired or replaced.

- CP 04 17 UTILITY SERVICES – DIRECT DAMAGE

Loss or damage to electronic data, caused by an interruption in utility service, is not covered.

- CP 15 45 UTILITY SERVICES – TIME ELEMENT

Coverage under this endorsement does not apply to business income loss or extra expense related to an interruption in utility service which causes loss or damage to electronic data.

#### IV. CHANGE IN COVERAGE

- CP 04 05 ORDINANCE OR LAW COVERAGE
- CP 04 38 FUNCTIONAL BUILDING VALUATION ENDORSEMENTS

Under these endorsements, Ordinance or Law coverage is related to property damage losses. Property damage may involve both covered causes of loss and excluded causes of loss. As revised, these endorsements include a section outlining the circumstances under which Ordinance or Law coverage is and is not triggered. Further, the revised endorsements describe proportionate loss payment for Ordinance or Law losses for the situation where the underlying property damage losses were caused by covered and excluded causes of loss.

C00141

## **IMPORTANT NOTICE TO POLICYHOLDERS SILICA EXCLUSION**

Your policy has been renewed with a Silica Exclusion endorsement. This may result in a reduction in coverage. Following is a summary of the exclusion. NO COVERAGE IS PROVIDED BY THIS SUMMARY nor can it be construed to replace any provision in your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE for complete information on the coverages you are provided. If there is a conflict between the policy and this summary, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

### **ENDORSEMENT SUMMARY**

#### **Exclusion-Silica**

To the extent that current policy exclusions do not apply to liability arising from silica, this endorsement precludes coverage for:

- Bodily injury arising, in whole or in part, from the inhalation, ingestion, absorption of or exposure to silica.

This exclusion applies to silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise.

C00142

## **IMPORTANT NOTICE TO POLICYHOLDERS**

### **EXCLUSION – VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION**

This notice does not form a part of your insurance contract. The notice is designed to alert you to coverage changes when the exclusion for violation of statutes that govern e-mails, fax, phone calls or other methods of sending material or information is attached to this policy. If there is any conflict between this notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply. Please read your policy, and the endorsement attached to your policy, carefully.

#### **SUMMARY OF EXCLUSION – VIOLATION OF STATUTES THAT GOVERN E-MAILS, FAX, PHONE CALLS OR OTHER METHODS OF SENDING MATERIAL OR INFORMATION ENDORSEMENTS:**

- **CG 00 67 03 05** [modifies the Commercial General Liability Coverage Part and CUSTOM COMMERCIAL PROTECTOR]
- **44-207 03 05** [modifies the COMMERCIAL PROTECTOR COVERAGE FORM (Businessowners Coverage Form)]
- **14-257 03 05** [modifies the Commercial Umbrella Liability Coverage Part]

When one of the above "Exclusion – Violation Of Statutes That Govern E-Mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information" endorsements is attached to your policy, coverage is excluded for "bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate the Telephone Consumer Protection Act (TCPA), the CAN-SPAM Act of 2003 (including any amendment of or addition to such laws), or any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

This is a reduction in coverage in states where, absent the wording of this endorsement, courts would consider coverage to be provided for violations of the above-mentioned acts or of other similar statutes, regulations or ordinances.

C00143



## IMPORTANT NOTICE TO POLICYHOLDERS

With respect to insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
COMMERCIAL PROTECTOR® LIABILITY COVERAGE FORM

Your liability insurance is being renewed at this time with the addition of the Asbestos Exclusion. This results in some clarifications and reductions in coverage. Following is a summary of the major changes. NO COVERAGE IS PROVIDED BY THIS SUMMARY nor can it be construed to replace any provision in your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

### ASBESTOS EXCLUSION SUMMARY

- A. **CLARIFYING CHANGES** – language has been added for the purpose of clarity but there is no change in coverage intent.

Coverage is not provided for:

1. Any injury or damage arising out of any premises or operations involving the manufacture, storage, processing, mining, use, sales, installation, removal, disposal, distribution, handling, inhalation, ingestion, absorption or existence of, exposure to, or contact with asbestos, asbestos contained in goods, products or materials, asbestos fibers or asbestos dust.
2. Any loss, cost or expense arising out of any:
  - a. Request, demand, order, or statutory or regulatory requirement that any insured or others in any way respond to or assess the effects of asbestos, asbestos fibers or asbestos dust, or asbestos contained in goods, products or materials.
  - b. Claim or suit by or on behalf of a governmental authority for damages because of any response to or assessment of the effects of asbestos, asbestos fibers or asbestos dust, or asbestos contained in goods, products or materials.

- B. **REDUCTIONS IN COVERAGE** – language has been added which has resulted in reductions in coverage.

Coverage is not provided for any injury or damage arising out of asbestos, asbestos fibers or asbestos dust, and asbestos contained in goods, products or materials if such injury or damage is included in the products or completed operations hazard.

C00144

RENEWAL



ning a part of

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

## Named Insured:

SHAW MORTGAGE CORPORATION

(DBA) THE NATURAL TOUCH

REFER TO NAMED INSURED SCHEDULE

## Agent:

WATERIDGE INSURANCE SERVICES

Agent Code: 4292657

Agent Phone: (858)-452-2200

TOTAL ADVANCE PREMIUM FOR ALL LIABILITY COVERAGE PARTS

\$ 12,829.00

## COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

## LIMITS OF INSURANCE

Each Occurrence Limit

\$ 1,000,000

Damage To Premises Rented To You Limit

\$ 100,000 Any One Premises

Medical Expense Limit

\$ 5,000 Any One Person

Personal and Advertising Injury Limit

\$ 1,000,000 Any One Person or Organization

General Aggregate Limit (Other Than Products/Completed Operations)

\$ 2,000,000

Products/Completed Operations Aggregate Limit

\$ 1,000,000

## LOCATION OF PREMISES

Location Number

Address of All Premises You Own, Rent or Occupy

001

9050 KENAMAR DRIVE #501 & #502  
SAN DIEGO CA 92121

002

1465 ENCINITAS BLVD SUITE A  
ENCINITAS CA 92024

003

9040 KENAMAR DRIVE #403  
SAN DIEGO CA 92121

004

8755 DISTRIBUTION AVENUE  
SAN DIEGO CA 92121

## COMMERCIAL GENERAL LIABILITY COVERAGE PART DEVIATIONS (continued)

## PREMIUM

Code	Classification Description	Premium Base	Territory Code	Prods/Comp Ops	Rates All Other	Prods/Comp Ops	Advance Premium All Other
CA	COMML LIABILITY GOLD						
							\$ 611
LOCATION 001							
16501	PLASTIC OR RUBBER SUPPLY GOODS DISTRIBUTORS	900,000	004	0.741	\$ 0.166	\$ 667	\$ 149
	GROSS SALES PER \$1000						
18437	STORES-NO FOOD OR DRINK -OTHER THAN NOT-FOR-PROFIT	2,700,000	004	0.188	\$ 2.403	\$ 508	\$ 6,488
	GROSS SALES PER \$1000						
LOCATION 002							
16501	PLASTIC OR RUBBER SUPPLY GOODS DISTRIBUTORS	170,000	004	0.741	\$ 0.166	\$ 126	\$ 28
	GROSS SALES PER \$1000						
18437	STORES-NO FOOD OR DRINK -OTHER THAN NOT-FOR-PROFIT	1,530,000	004	0.188	\$ 2.403	\$ 288	\$ 3,677
	GROSS SALES PER \$1000						
LOCATION 003							
68706	WAREHOUSES-PRIVATE-OTHER THAN NOT-FOR-PROFIT PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT	2,000	004	INCL	\$ 40.126	INCL	\$ 80
	AREA PER 1000 SQ FT						

RENEWAL

being a part of

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

## Named Insured:

SHAW MORTGAGE CORPORATION  
(DBA) THE NATURAL TOUCH  
REFER TO NAMED INSURED SCHEDULE

## Agent:

WATERIDGE INSURANCE SERVICES

Agent Code: 4292657

Agent Phone: (858)-452-2200

## COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS (continued)

## PREMIUM

Class Code	Classification Description		Rates		Advance Premium	
	Premium Base	Territory Code	Prods/ Comp Ops	All Other	Prods/ Comp Ops	All Other

## LOCATION 004

68706 WAREHOUSES-PRIVATE-OTHER THAN NOT-FOR-PROFIT  
PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL  
AGGREGATE LIMIT

5,160 004 INCL \$ 40.126 INCL \$ 207

AREA  
PER 1000  
SQ FT

Audit Period: ANNUAL

Total Advance Premium

INCLUDED

## FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

Form Number	Description
17-22	- 1202 EXCLUSION - LEAD
17-98	- 1202 EXCLUSION - ASBESTOS
22-90CA	- 0105 EXCLUSION - SILICA
CG0001	- 1001 COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG0067	- 0305 EXCLUSION-VIOLATION OF STATUTES
CG2011	- 0196 ADDITIONAL INSURED-MANAGERS OR LESSORS OF PREMISES
CG2147	- 0798 EMPLOYMENT RELATED PRACTICES EXCLUSION
149	- 0999 TOTAL POLLUTION EXCLUSION ENDORSEMENT
CG2160	- 0998 EXCL-YEAR 2000 COMPUTER-RELATED/ELECTRONIC PROBLEMS

**COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS (continued)**

**FORMS AND ENDORSEMENTS**

Forms and Endorsements applying to this Coverage Part and made part of this policy:

Form Number	Description
CG2167	- 0402 FUNGI OR BACTERIAL EXCLUSION
GECG602	- 0904 COMMERCIAL GENERAL LIABILITY GOLD ENDORSEMENT
GECG635	- 0504 AMENDMENT OF COVERAGE B

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Date Issued: 09/06/2005

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

## Named Insured:

SHAW MORTGAGE CORPORATION  
(DBA) THE NATURAL TOUCH  
REFER TO NAMED INSURED SCHEDULE

## Agent:

WATERIDGE INSURANCE SERVICES

Agent Code: 4292657

Agent Phone: (858)-452-2200

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED—MANAGERS OR LESSORS OF PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

## 1. Designation of Premises (Part Leased to You):

9050 KENAMAR DRIVE #501 &amp; #502 SAN DIEGO

## 2. Name of Person or Organization (Additional Insured):

H G FENTON COMPANY  
(ATTN) PROPERTY MANAGER  
7588 METROPOLITAN DRIVE  
SAN DIEGO CA 92108-

## 3. Additional Premium:

SEE PREMIUM SCHEDULE

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

C00150